

Problems faced by Indian Industry

561. SHRI C. RAMACHANDRAIAH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether there has been a demand for ensuring a level playing field for Indian Industry, particularly in the matter of charges of electricity, that Indian Industry has to pay;
- (b) whether high cost of finances as compared to international level is also another area of concern;
- (c) whether cost of organized labour is also high and its productivity is low; and
- (d) what is Government's response on these demands?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) and (b) Yes Sir. Several industrial organisations in their Pre-Budget memoranda have highlighted, among others, high interest rates, energy costs and cascading effects of taxation on domestic products as inhibiting factors.

(c) The cost of organized labour measured in terms of wages paid to workers is low. The labour productivity measured in terms of Net Value Added per worker has declined since 1994-95 with a marginal increase during 1997-98 for which the latest data are available.

(d) The government has taken several steps to mitigate various cost burden on Indian industry by initiating measures such as rationalization of excise and custom duty structure, reduction in cash reserve ratio and the bank rate, and restoration of 100% MODVAT credit. To enhance labour productivity, government has launched various schemes for skill development through vocational training and workers' education.